

ICPS newsletter

Supervisory Board reviews ICPS activity report

A regular meeting of the Supervisory Board of the International Centre for Policy Studies took place on 23 November 2002. The ICPS Director's Report was presented by Ms. Vira Nanivska, giving an account of ICPS activities over May–November 2002. For your consideration, below are the key provisions of this report and the proposals brought forward by the Supervisory Board concerning future ICPS activity

The May–October 2002 report focused on strengthening ICPS role as a resource centre for policy analysis and exchange of know-how, skills, and standards of organising work processes for independent research centres in the post-Soviet terrain:

- A policy paper on ICPS participation in public policy formulation in Ukraine was prepared for publication in the *Policy Studies* journal;
- The *Manual on Public Involvement* was finalised and published, featuring a detailed description of the methodology for involving the public-at-large in decision-making processes at the local level;
- A manual for training of officials from local self-government authorities in policy analysis basics and principles of policy paper design was finalised;
- Sets of policy analysis document templates were prepared; they were either developed by ICPS or are in its constant use;
- Presentations about ICPS experience as a think tank in the post-totalitarian climate were arranged for representatives from the Soros-Kyrgyzstan Fund, Ukrainian NGOs, and an NGO representative from Afghanistan;
- Consultations on institutional development issues were provided to Kazakhstan think tanks;
- Methodological recommendations on how to hold a bid for creating a network of think tanks were prepared for the Renaissance Foundation;
- Under the framework of the "People's Voice" project, ICPS arranged a number of training seminars for representatives of eastern Ukrainian regional NGOs on issues concerning independent research and methods of cooperation with local government;
- ICPS facilitated the implementation of the idea of creating a resource centre for

coalitions of public organisations in Kupiansk, which will provide informational, methodological, and technical assistance to not only already existing coalition members, but also to business associations and separate initiative groups of citizens, and will function as an additional cooperation channel between the government and citizens.

In 2003, ICPS intends to channel its activity along the following lines:

- To improve ICPS activities as a resource centre and facilitate the creation of resource centres abroad (Kyrgyzstan, Kazakhstan, and Afghanistan);
- To carry out joint regional projects with non-government organisations;
- To maximally employ existing potential and expand activities for the public good;
- To effectively work in the international market for consulting services.

Supervisory Board members brought forward the following proposals/suggestions:

- ICPS should strengthen its role and expand its activity in the international arena by way of joining international networks of research and educational organisations and increasing cooperation with foreign research companies, in order to share experience and get involved in large international projects;
- To expand cooperation with the Ministry of Foreign Affairs in order to represent Ukraine's interests at the international level and provide international organisations with more accurate information about Ukraine, which will enable to raise the awareness of the public-at-large worldwide and position Ukraine higher in international ratings;
- To focus more effort on surveying the efficiency of international technical assistance in Ukraine, identifying the kind of technical assistance that can be effective and why.

Struggle with the 20th-century legacy of poverty: A challenge for new-era governments

Last week, a new issue of the Russian-language version of the Local Government Brief was published, as commissioned by the Open Society Institute's "Local Government and Public Service Reform Initiative" (LGI) Program and prepared for publication by the International Centre for Policy Studies. In this issue of the bulletin, poverty-related problems in countries of Central and Eastern Europe (CEE), Transcaucasia, and Central Asia are examined

In countries of the post-Soviet block, times of hope for a better future turned out to be times of almost utter poverty. Despite that, recent reforms inspire with optimism, and the poor have begun to improve their material situation. Authors involved in this new issue of the publication offer a substantial account of the problem of poverty in both regional and conceptual terms.

Poverty-reduction methods

Most frequently, poverty level in surveys is measured solely by assessing personal money incomes and further comparing them with a conventional poverty level; however, such practice is overly simplified and does not take into account all regional differences. Poverty is a complex, multi-dimensional phenomenon—when assessing poverty, its non-material (e.g., humanitarian) manifestations should also be taken into account. The new issue of the *Local Government Brief* includes an interesting article on the practices and basic methods of measuring poverty, as well as different approaches to this issue—absolute and relative, objective and subjective, single- and multi-faceted.

The authors describe the following basic tools used in government policy to assess poverty:

- **Poverty profile.** Setting out major facts on poverty in the country, assessing →

ICPS Supervisory Board members include: Yevhen Bersheda, Jim Bown, Viacheslav Briukhovetsky, Oleksandr Chaly, Marek Dabrowski, Stanislav Dovhy, Bohdan Hawrylyshyn (Chairman), Anatoli Halchynsky, Jaroslaw Kinach, Anatoli Maksiuta, Stephen Massey, Vitali Melnychuk, Ihor Mitiukov, Svitlana Oharkova, Stewart Paperin, Serhii Romaniuk, Ihor Shumylo, Alex Sundakov, Valentyn Symonenko, John Tedstrom, Serhii Tihipko, Myron Wasyluk, Natalia Yakovenko, Yuri Yekhanurov, Viktor Yuschenko

Struggle with the 20th-century legacy of poverty... (continued)

the poverty pattern across different social groups and territories.

• Inequality measurements.

Measurements are done using formal methods, such as the Gini Coefficient, Theil Index, etc.

• **Poverty depth.** Not only the absolute number of people living below the poverty level is calculated, but an estimate of their deviation from this norm is done. Such an analysis enables to answer the question of whether small state subsidies can induce desired improvements or whether the government should employ other relevant poverty-reduction strategies.

In this issue, a bid is made to consolidate the variety of poverty-reduction measures, to analyse and classify them.

It turns out that there are a number of classifications for poverty-reduction initiatives, which is to some extent a result of insufficient coordination of activities of different international development agencies.

Authors propose to use the following main policy areas of poverty-reduction policies:

- Policies promoting economic growth;
- Policies promoting social security;
- Policies increasing human capital;
- Policies increasing social capital.

Policies promoting economic growth

The underlying principle of policies promoting economic growth runs as follows: overall increased national wealth boosts the material situation of its particular individuals. Under the framework of these policies, key government initiatives can include the following:

- Attracting effective private investments to the economy;
- Fostering a market environment;
- Limiting government expenditures.

It is worth mentioning that nowadays these poverty-reduction policies are frequently maligned. Opponents of this approach believe that the majority of economic growth benefits go to the rich instead of the poor, which escalates social inequality.

Nevertheless, a survey recently carried out by the World Bank signals that this trend is not necessarily valid for CEE and former USSR countries. On the contrary, economic growth at its initial stages reduces inequality here.

Policies promoting social security

Measures under these policies can be referred to as refinements; they help preserve what has already been acquired and are foreseen by a previous group of initiatives. The following policies fall under this category:

- Pension policies;
- Disability policies;
- Social funds;
- Social safety nets.

Policies increasing human capital

Unfortunately, the saying that it is better to be poor but healthy is most frequently not valid in real life. The poor, cannot take proper care of their health, due to money shortages. Therefore, healthcare policies are one of the key elements of a government's fight against poverty. Under the framework of such policy, important measures include the following:

- Ensuring access to the state system of healthcare services by the poor;
- Expanding such access and boosting the quality of these services;
- Avoiding heavy expenditures by the poor on healthcare.

The second area of human capital development of the poor is educational policy pursued by the government, since level of education an important poverty factor. Expenditures to raise literacy of the poor are in fact an investment in their better future. The government policy in this area should capture the following three complementary areas:

- Expanding the supply of educational services;
- Enhancing the quality of educational services;

- Stimulating demand for educational services.

Policies increasing social capital

The notion of social capital, in terms of assessing poverty-related problems, has recently been introduced in international practice. Social capital is based on interrelations between individuals and separate social groups, and in the context of poverty it is closely associated with the problem of excluding certain individuals (subgroups) from social life. If this occurs, their opportunities to extract profits from economic growth and government policy diminish significantly. One such semi-isolated social group in CEE countries can be said to be the Roma (Gypsies).

In this issue of the *Local Government Brief* is also a lot of handy statistical information, which may be of use when analysing poverty problems, as well as a number of informational and analytical materials concerning poverty status and attempts undertaken to tackle this problem in certain countries of the post-Soviet realm. ■

If you wish to receive the Russian-language "Gosudarstvennoe upravlenie v perekhodnykh ekonomikakh" bulletin, produced by ICPS, on a regular basis, please fill out the subscription form at our website: www.icps.kiev.ua/rus/subscription.html

ICPS Newsletter is a weekly publication of the International Centre for Policy Studies delivered by electronic mail. *ICPS Newsletter* is published by the ICPS Publications Group. To be included in the distribution list mail to: marketing@icps.kiev.ua. *ICPS Newsletter* editor Yevhen Shulha (shulha@icps.kiev.ua). Phone: (380-44) 236-4477. English text editor D. (Ksenia) Ovcharenko. Address: 13-a Pymonenko Street, Kyiv 04050, Ukraine. Phone (380-44) 236-4377, 236-4477, Fax (380-44) 236-4668 Web-site: <http://www.icps.kiev.ua> Articles may be reprinted with ICPS consent.

Subscribe to ICPS 2003 "Economic Research" package!

ICPS offers to subscribe to the 2003 package titled "Economic Research", including the following ICPS regular publications:

- *Quarterly Predictions* — a quarterly economic survey presenting regular updated economic development forecasts for Ukraine; subscribers will be additionally supplied with a resume of the updated forecast before it is published.
- *New Economic Legislation* — an annual evaluation of changes in economic legislation and the impact of that legislation on the business environment and investment climate in Ukraine;
- *Policy Studies* — a working paper series focusing on key public policy issues;

- *Consumer Confidence* — a quarterly survey of household consumer expectations;
- *Economic Statistics* — a monthly summary of statistical data useful for doing business in Ukraine;
- *ICPS Newsletter* — a weekly bulletin that covers ICPS current research and projects.

Subscribers are entitled to consult the research fellows at ICPS and to participate in seminars and conferences organised by ICPS.

For more information on subscriptions, please contact Yevhenia Yehorova, ICPS Publications Coordinator, at tel.: (380-44) 236-5464, e-mail: marketing@icps.kiev.ua. You may also subscribe to ICPS's publications on-line at: www.icps.kiev.ua/eng/subscription.html.